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MCAD Finds For 17 Latino Homeowners Ruling Orders Revere Attorney to Pay \$233,600 for Targeting Predatory Mortgage Modification Services

Boston, Mass.— The Massachusetts Commission Against Discrimination (MCAD) announced today that it has ordered Revere attorney David Zak to pay \$233,600 for discriminating against a group of seventeen Latino homeowners by targeting them with predatory and deceptive mortgage modification advertising.

“These cases exemplify the importance of the MCAD’s efforts to combat predatory lending. Predatory lending cases are complex matters involving detailed and intensive investigation. The resources invested by the MCAD in investigating, prosecuting, and adjudicating these cases reflect our firm commitment to fight predatory lending and ensure equal access to credit,” said Commissioner Sunila Thomas-George.

In her decision, MCAD Hearing Officer Betty Waxman found that Attorney Zak made tens of thousands of dollars preying upon the fear and uncertainty that the collapse of the housing bubble created among Latinos, but ultimately left his Latino clients at far greater risk of losing their homes.

“Attorney Zak engaged in conduct that can only be described as despicable. When tough times hit and hard-working families struggle to pay the mortgage, the last thing they need is to have a lawyer defraud them out of thousands of dollars by exploiting their limited English proficiency,” stated Commissioner Thomas-George. She added, “The \$233,600 judgment should stand as a warning to everyone that there are serious consequences for engaging in discriminatory conduct.”

Waxman determined that Zak specifically targeted Latinos with deceptive advertisements for mortgage modification services and misled Spanish and Portuguese-speaking clients with unrealistic and often false guarantees about securing dramatic loan modifications.

Evidence introduced in the case showed that Zak opened an office in Revere, Mass. because he believed its Latino community would be “easy targets” and gullible. Zak used radio and written advertisements in Spanish and Portuguese to contact Latino homeowners having difficulty making mortgage payments, falsely claiming to have saved hundreds of Latinos from foreclosure, promising to cut their mortgage payments in half, asserting that he was the only attorney in Massachusetts who knew how to do loan modifications, and boasting that he had a “secret formula” and “magic numbers” unknown to others for obtaining loan modifications. Atty. Zak even hired a “Coordinator of the Latino Market”, who was charged with leveraging her extensive network of contacts in the Latino community to recruit agents and clients.

Waxman found that Zak charged Latino clients inflated and duplicative fees for services that were available elsewhere for free, encouraged them to intentionally fall behind on mortgage payments, failed to adequately translate documents, misrepresented the status of clients’ cases, performed minimal, substandard work—often failing to secure promised mortgage modifications, refused to provide appropriate refunds, and engaged in threats, intimidation, and demeaning conduct.

Based on the evidence presented at the public hearing, Waxman concluded that Zak's conduct was discriminatory and awarded \$116,600 in compensatory damages to seventeen complainants (plaintiffs) and an additional \$107,000 in emotional distress damages to twelve complainants. Recognizing the egregious and unlawful nature of Zak's conduct, he was also assessed a civil penalty of \$10,000.

The seventeen Latino complainants were represented by Attorneys Nadine Cohen, Todd Kaplan, and Albert Zabin of Greater Boston Legal Services. Recognizing the significant public interest value of these cases, Commissioner George also appointed Commission Counsel Caitlin Sheehan to represent the MCAD's interest in the matters.

These cases were brought at the MCAD and also filed with HUD because they involved residential real-estate related transactions covered by the federal Fair Housing Act and the Massachusetts Anti-Discrimination Law.

About the MCAD

The **Massachusetts Commission Against Discrimination (MCAD)** is the chief civil rights enforcement agency of the Commonwealth of Massachusetts and enforces federal and state civil rights laws in the areas of employment, lending, housing, and public accommodations. State law authorizes the MCAD to investigate, prosecute, and adjudicate discrimination cases. The MCAD investigates complaints of housing discrimination based on race, color, religious creed, national origin, ancestry, sex, age, disability, sexual harassment, sexual orientation, gender identity, marital status, children, retaliation, veteran's status, military service, public assistance, and genetic information. The MCAD also enforces the Commonwealth's Lead Paint Law, which prohibits housing discrimination based on the presence of lead paint. Persons who believe they have experienced housing discrimination may file a complaint with the MCAD by visiting its offices in Boston, New Bedford, Springfield, or Worcester. Further information about the agency is available at <http://www.mass.gov/mcad>.

The MCAD receives funding under a Cooperative Agreement with **the U.S. Department of Housing and Urban Development**. HUD's **Office of Fair Housing and Equal Opportunity** administers federal laws and establishes national policies that make sure all Americans have equal access to the housing of their choice. The MCAD is a Fair Housing Assistance Program (FHAP) Agency. The FHAP strengthens nationwide fair housing efforts by helping state and local governments administer laws of their own that are consistent with the Federal Fair Housing Act and provides funding for investigations. FHAP-funded activities help protect families and individuals who believe they have been victims of discrimination on the basis of race, color, national origin, religion, sex, disability or familial status (i.e., the presence of children) in the sale, rental, or financing of housing. More information about the Fair Housing Act and HUD is available at www.hud.gov.

Additional Relevant Contacts

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